

New Mexico Gas Company

Presentation to the NM Indian Affairs Committee
San Felipe Pueblo, New Mexico
August 31, 2012

1. Company Overview

- a. NM Gas Co. has been in existence since 2009 upon the sale of natural gas assets from PNM to Continental Energy Systems
- b. NM Gas Co. has an approximate total customer base of 502,000 (residential, commercial, and industrial)
- c. Covers regional areas in the NW, NCentral, Central, SE, and SW portions of the State
- d. NM Gas Co. provides natural gas *distribution services* to 15 of the 22 NM Tribes
- e. There are approximately 5200 tribal customers (residential and commercial)
- f. This represents approximately 1% of the total customer base for NM Gas Co.

2. Tax Exemption Project Summary

- a. NM Gas Co. was an active participant in the Tribal Tax Exemption Working Group
- b. NM Gas Co. exemption process was more difficult than initially anticipated
- c. Progress to date:
 - i. 10 of 15 tribes have been exempted using our “global exemption process”
 - ii. Approximately 3800 customers (residential and commercial) exempted
- d. Five remaining tribes are in the queue and expected to be completed in the coming year
 - i. Santa Clara, Laguna, Nambe, Pojoaque, and Taos

3. NM Gas Co.’s “global” exemption process

- a. A list of customers determined to be eligible is developed by NM Gas Co.
- b. This list is generated from internal resources (GIS and BANNER)
- c. The list is provided to the Pueblo for initial review and revised prior to final presentation
- d. The list is “officially” presented to the Pueblo Governor to certify those customers listed as eligible for tax exemption
- e. Once the signed Certification is received, the customers are entered into our system as exempt from paying NM Gross Receipts Tax
- f. An annual recertification process is required which entails implementation of the same process described above
- g. The alternative to this process is requesting signed forms (self-certification) from each customer – this has been determined to be cumbersome, tedious, and less desirable

Natural Gas Mainline Extension Projects

1. Pueblo of Laguna
 - a. A project to extend natural gas to areas that are not currently served
 - i. Other areas have natural gas (approximately 786 customers)
 - b. A USDA Funded Water & Waste Water Project
 - i. An excellent example of leveraging funds from various sources
 - c. A joint trench project natural gas lines installed in same trench as other utilities
 - i. Requires extensive coordination between Laguna, NM Gas Co., the funding entities, and other contractors
 - ii. Coordination has been effective
 - d. Service to be extended to three areas
 - i. Valley System
 - ii. Encinal Village
 - iii. Paguete Village
 - e. An approximate total of 101,055 feet of natural gas mainline (19 miles) will be installed
 - i. Approximately 400 new customers will have access to natural gas
 - f. Project is anticipated to be completed by the end of September 2013
2. Pueblo of San Felipe
 - a. A natural gas transmission line runs across the Pueblo and has existed since the 1980's
 - b. In 2009, the Pueblo has determined a desire to gain access to natural gas
 - i. Project planning and discussion since then
 - ii. Pueblo commitment to proceed gained in April 2012
 - c. A Pueblo-funded project focused on extending natural gas infrastructure
 - d. The Pueblo is providing the trench for the mains and service lines
 - i. Hired their own trenching contractor
 - ii. Hired a plumbing contractor to convert appliances at each residence
 - e. Service to be extended to the Community on the east side of the Rio Grande
 - i. The Community on the west side of the Rio Grande may be added at a later time
 - f. An approximate total of 76,600 feet of natural gas mainline (14.5 miles) will be installed
 - i. At total of 325 new customers will have access to natural gas
 - g. Project is anticipated to be completed by the end of March 2013
3. Other
 - a. Zuni Pueblo
 - i. Recent inquiries regarding feasibility
 - ii. May be cost-prohibitive due to proximity of nearest natural gas main
 - b. Acoma Pueblo
 - i. Has conducted a natural gas conversion study
 - ii. No further information is available regarding this effort
 - c. Possible considerations
 - i. Zia, Jemez, and other areas within tribal areas that are not currently served